

CADENCE OF ACADIANA, INC.

Lafayette, Louisiana

Financial Report

Years Ended June 30, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

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Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

To the Board of Directors
Cadence of Acadiana, Inc.
Lafayette, Louisiana

We have audited the accompanying Statement of Financial Position of Cadence of Acadiana, Inc. (a nonprofit organization) as of June 30, 2008, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Cadence of Acadiana, Inc. as of June 30, 2007, were audited by other auditors whose report dated September 19, 2007, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cadence of Acadiana, Inc., as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2008, on our consideration of Cadence of Acadiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Dannall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
September 15, 2008

CADENCE OF ACADIANA, INC

Statements of Financial Position
June 30, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 58,814	\$ 941
Accounts receivable	213,583	363,668
Prepaid expenses	<u>35,457</u>	<u>30,734</u>
Total current assets	<u>307,854</u>	<u>395,343</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	10,837	10,837
Equipment	67,317	67,317
Less: Accumulated depreciation	<u>(60,336)</u>	<u>(50,817)</u>
Net property and equipment	<u>17,818</u>	<u>27,337</u>
OTHER ASSETS		
Deposits	<u>3,350</u>	<u>3,650</u>
TOTAL ASSETS	<u>\$ 329,022</u>	<u>\$ 426,330</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 26,667	\$ 65,278
Accrued payroll and related liabilities	77,775	76,788
Line of credit	-	98,833
Current portion of capital lease obligations	<u>1,259</u>	<u>3,413</u>
Total current liabilities	<u>105,701</u>	<u>244,312</u>
OTHER LIABILITIES		
Accrued compensated absences	43,124	43,124
Capital lease obligations - long term	<u>-</u>	<u>1,299</u>
Total other liabilities	<u>43,124</u>	<u>44,423</u>
Total liabilities	<u>148,825</u>	<u>288,735</u>
NET ASSETS		
Unrestricted	<u>180,197</u>	<u>137,595</u>
Total net assets	<u>180,197</u>	<u>137,595</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 329,022</u>	<u>\$ 426,330</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC
Statements of Activities
Years Ended June 30, 2008 And 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Rehabilitation services revenue:		
Contracts	<u>\$ 2,364,089</u>	<u>\$ 2,825,413</u>
Total revenues	<u>2,364,089</u>	<u>2,825,413</u>
EXPENSES		
Program activities:		
Case management	1,946,022	2,696,009
Youth development/placement	<u>227,747</u>	<u>179,761</u>
	2,173,769	2,875,770
Management and general expenses	<u>147,717</u>	<u>148,211</u>
Total expenses	<u>2,321,486</u>	<u>3,023,981</u>
INCREASE (DECREASE) IN NET ASSETS	42,603	(198,568)
NET ASSETS AT BEGINNING OF PERIOD	<u>137,595</u>	<u>336,163</u>
NET ASSETS AT END OF PERIOD	<u>\$ 180,198</u>	<u>\$ 137,595</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC

Statements of Functional Expenses
Years Ended June 30, 2008 and 2007

	2008			
	Case Management	Youth Development Placement	Management and General	Total
Compensation and Related Expenses:				
Salaries	\$ 1,444,449	\$ 160,182	\$ 2,640	\$ 1,607,271
Employee benefits				
Payroll taxes	118,403	12,802	1,605	132,810
Group insurance	<u>43,656</u>	<u>18,941</u>	<u>72,014</u>	<u>134,611</u>
Total	<u>1,606,508</u>	<u>191,925</u>	<u>76,259</u>	<u>1,874,692</u>
Advertising	4,276	230	-	4,506
Board expense	-	-	-	-
Computer expense	9,736	135	83	9,954
Consultant fees	-	-	46,475	46,475
Depreciation	9,171	-	348	9,519
Dues, subscriptions and licenses	2,550	-	130	2,680
Education and professional				-
Development	218	289	-	507
Insurance	43,995	3,912	4,691	52,598
Interest expense	454	-	2,954	3,408
Janitorial expense	5,335	102	-	5,437
Legal fees	-	-	-	-
Medical expenses	766	294	-	1,060
Office expense/supplies	40,054	5,589	692	46,335
Professional fees	-	520	14,200	14,720
Rent expense	72,012	1,728	-	73,740
Repairs and maintenance	12,015	304	-	12,319
Sanction expense	5,315	-	-	5,315
Telephone	42,919	3,659	1,412	47,990
Travel	81,962	19,060	473	101,495
Utilities	<u>8,736</u>	<u>-</u>	<u>-</u>	<u>8,736</u>
Total	<u>\$ 1,946,022</u>	<u>\$ 227,747</u>	<u>\$ 147,717</u>	<u>\$ 2,321,486</u>

2007

<u>Case Management</u>	<u>Youth Development Placement</u>	<u>Management and General</u>	<u>Total</u>
\$ 1,929,001	\$ 133,313	\$ 68,351	\$ 2,130,665
157,979	10,542	5,835	174,356
<u>121,654</u>	<u>7,900</u>	<u>2,567</u>	<u>132,121</u>
<u>2,208,634</u>	<u>151,755</u>	<u>76,753</u>	<u>2,437,142</u>
10,750	-	-	10,750
-	-	586	586
10,471	-	1,641	12,112
-	-	36,000	36,000
11,947	-	476	12,423
2,770	-	2,068	4,838
880	211	1,772	2,863
41,541	2,258	1,139	44,938
1,085	-	2,621	3,706
4,100	-	-	4,100
-	-	36	36
2,333	86	497	2,916
64,617	3,296	2,581	70,494
-	-	13,471	13,471
134,776	-	-	134,776
14,467	-	227	14,694
2,958	-	-	2,958
65,802	5,608	3,881	75,291
109,173	16,547	4,462	130,182
<u>9,705</u>	<u>-</u>	<u>-</u>	<u>9,705</u>
<u>\$ 2,696,009</u>	<u>\$ 179,761</u>	<u>\$ 148,211</u>	<u>\$ 3,023,981</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC

Statements of Functional Expenses
Years Ended June 30, 2008 And 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 42,603	\$ (198,568)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	9,519	12,423
Changes in operating assets		
Accounts receivable	150,085	151,639
Prepaid expenses	(4,723)	1,071
Due from employees	-	267
Deposits	300	-
Accounts payable	(38,611)	(975)
Accrued payroll and liabilities	987	(33,043)
Accrued compensated absences	-	(2,531)
Total adjustments	<u>117,557</u>	<u>128,851</u>
Net cash provided (used) by operating activities	160,160	(69,717)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (payments) of short-term borrowings	(98,833)	68,833
Principal payments of capital lease obligations	<u>(3,454)</u>	<u>(5,206)</u>
Net cash provided (used) by financing activities	<u>(102,287)</u>	<u>63,627</u>
NET INCREASE (DECREASE) IN CASH	57,873	(6,090)
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	<u>941</u>	<u>7,031</u>
CASH AND EQUIVALENTS, END OF PERIOD	<u>\$ 58,814</u>	<u>\$ 941</u>

The accompanying notes are an integral part of these statements.

CADENCE OF ACADIANA, INC

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Cadence of Acadiana, Inc. is a non-profit organization that provides case management services to infants and toddlers, mentally retarded/developmentally disabled waiver participants; adult disabled and elderly waiver participants and the HIV population throughout South Louisiana. The organization also provides professional vocational rehabilitation counseling and related services for injured employees who have outstanding workers' compensation claims. These services are funded by various insurance companies.

Financial Statement Presentation

Cadence of Acadiana, Inc. follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," with regard to its financial statement presentation. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Cadence of Acadiana, Inc. records its public support in accordance with SFAS No.116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No.116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Income Taxes

Cadence of Acadiana, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, Cadence has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Donor-Restricted Funds

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the entity reports the support as unrestricted.

CADENCE OF ACADIANA, INC

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are valued at historical cost for assets purchased and at fair market value at the date of donation for contributed assets. Donations of property and equipment are recorded as support at their estimated fair market value and are reported as unrestricted unless the donor has restricted the donated assets for a specific purpose. The Organization has a policy of capitalizing all acquisitions in excess of \$1,500.

Depreciation is computed using the straight-line method over the assets' useful lives.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2008 or 2007.

Donated Services

The Organization recognizes donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Bad Debts

Cadence of Acadiana, Inc. accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effects of using this method approximate those of the allowance method.

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on an anniversary year. Any unused vacation as of an employee's anniversary date is forfeited. Upon separation, employees will be compensated for any unused vacation generated in the current year.

Accordingly, an accrual has been made for current accumulated vacation as of June 30, 2008 and 2007.

CADENCE OF ACADIANA, INC

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave with pay is earned at a rate of 40 hours per calendar year, commencing 90 days after employment. Sick leave may be accumulated only for use in an extended illness. No sick leave or extended illness leave is payable to an employee upon separation.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the year ended June 30, 2008 and 2007 was \$4,506 and \$10,750, respectively.

NOTE 2 CAPITAL LEASE

The Organization is the lessee of equipment under a capital lease expiring November of 2008. The asset and related liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over its estimated productive life. Depreciation of the asset under capital lease is included in depreciation expense.

Minimum future lease payments under the capital lease as of June 30, 2008, for each of the next five years and in the aggregate are:

	Year Ended June 30	Amount
	2009	\$ 1,303
Total minimum lease obligation		1,303
Less amount representing interest		(45)
Present value of minimum lease obligation		1,258
Less: Current portion of capital lease obligation		(1,258)
Present value of minimum lease obligation		\$ -

The interest rate on this capital lease is 14.3 percent per annum.

The following is an analysis of the leased property under capital leases by major asset class at June 30, 2008 and 2007:

	2008	2007
Office equipment	\$ 9,645	\$ 15,640
Less: Accumulated depreciation	(4,823)	(6,690)
Net property under capital lease	\$ 4,822	\$ 8,950

CADENCE OF ACADIANA, INC

Notes to Financial Statements

NOTE 3 CONCENTRATION OF CREDIT RISK

The majority of Cadence of Acadiana, Inc.'s accounts receivable balances at June 30, 2008 and 2007 were comprised of amounts due from various state agencies.

A majority of the revenues are comprised of state funded programs. A change in this funding could substantially affect the operations of the Organization.

NOTE 4 LINE OF CREDIT

The Organization has a line of credit with a bank to a maximum of \$100,000 secured by accounts receivable. The line matures on June 3, 2009 with interest due monthly. The interest rate is Wall Street Journal Prime Rate plus one percent, currently 5.0 percent per annum. The balance at June 30, 2008 and 2007 was \$0 and \$98,833, respectively.

NOTE 5 CASH FLOW DISCLOSURES

Cash paid during the period ended June 30, 2008 and 2007, for interest, was \$3,408 and \$3,706, respectively.

NOTE 6 RISK MANAGEMENT

Cadence of Acadiana, Inc. is a participant in a self-insured health insurance fund. The plan year is a calendar year and is currently being administered by Total Benefit Services, Inc. The fund provides coverage for specific claims for up to a maximum of \$25,000 for each employee or employee dependent per year up to a maximum of \$1,975,000. Commercial insurance for claims in excess of coverage was purchased. There were no amounts receivable from the insurance carrier for aggregate and specific claims in excess of the coverage amount at June 30, 2008 or June 30, 2007.



Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

To the Board of Directors
Cadence of Acadiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Cadence of Acadiana, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cadence of Acadiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cadence of Acadiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cadence of Acadiana, Inc. financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
September 15, 2008

CADENCE OF ACADIANA, INC.

Schedule of Program Revenues and Expenses
For the Year Ended June 30, 2008

	2008							
	Case Management				Youth			
	Region 2	Region 3	Region 4	Region 5	Placement	Development	Administration	Totals
REVENUES	\$344,422	\$357,693	\$697,094	\$590,390	\$1,752	\$354,438	\$18,300	\$2,364,089
EXPENSES	<u>353,023</u>	<u>362,141</u>	<u>665,541</u>	<u>556,146</u>	<u>1,606</u>	<u>226,141</u>	<u>147,369</u>	<u>2,311,967</u>
Income (loss) before depreciation	(8,601)	(4,448)	31,553	34,244	146	128,297	(129,069)	52,122
DEPRECIATION	<u>1,731</u>	<u>2,208</u>	<u>1,676</u>	<u>3,556</u>	<u>-</u>	<u>-</u>	<u>348</u>	<u>9,519</u>
NET INCOME (LOSS)	<u>\$(10,332)</u>	<u>\$(6,656)</u>	<u>\$29,877</u>	<u>\$30,688</u>	<u>\$146</u>	<u>\$128,297</u>	<u>\$(129,417)</u>	<u>\$42,603</u>

	2007							
	Case Management				Youth			
	Region 2	Region 3	Region 4	Region 5	Placement	Development	Administration	Totals
REVENUES	\$473,347	\$ 575,070	\$ 905,711	\$618,902	\$ 7,859	\$ 240,246	\$ 4,278	\$ 2,825,413
EXPENSES	<u>488,614</u>	<u>623,591</u>	<u>978,181</u>	<u>593,676</u>	<u>10,157</u>	<u>169,604</u>	<u>147,735</u>	<u>3,011,558</u>
Income (loss) before depreciation	(15,267)	(48,521)	(72,470)	25,226	(2,298)	70,642	(143,457)	(186,145)
DEPRECIATION	<u>1,730</u>	<u>3,651</u>	<u>2,838</u>	<u>3,728</u>	<u>-</u>	<u>-</u>	<u>476</u>	<u>12,423</u>
NET INCOME (LOSS)	<u>\$(16,997)</u>	<u>\$(52,172)</u>	<u>\$(75,308)</u>	<u>\$ 21,498</u>	<u>\$ (2,298)</u>	<u>\$ 70,642</u>	<u>\$ (143,933)</u>	<u>\$ (198,568)</u>

CADENCE OF ACADIANA, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part I Summary of auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on Cadence of Acadiana, Inc.'s financial statements as of and for the year ended June 30, 2008.

Significant Deficiencies – Financial Reporting

There were no significant deficiencies or material weaknesses in internal control noted during the audit of the financial statements.

Material Noncompliance or Other Matters – Financial Reporting

There was no instance of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2008.

Part II Findings relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit.

Part III Findings and Questioned Costs Relating to Federal Programs

At June 30, 2008, Cadence of Acadiana, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore this section is not applicable.

CADENCE OF ACADIANA, INC.

Summary of Schedule of Prior Year Findings
Year Ended June 30, 2008

There were no prior year findings.

CADENCE OF ACADIANA, INC.

Management's Corrective Action Plan
Year Ended June 30, 2008

No current year findings were noted, therefore, no response is deemed necessary.